

Commission on Public Housing Sustainability and Reform

Briefing Materials

April 11, 2012

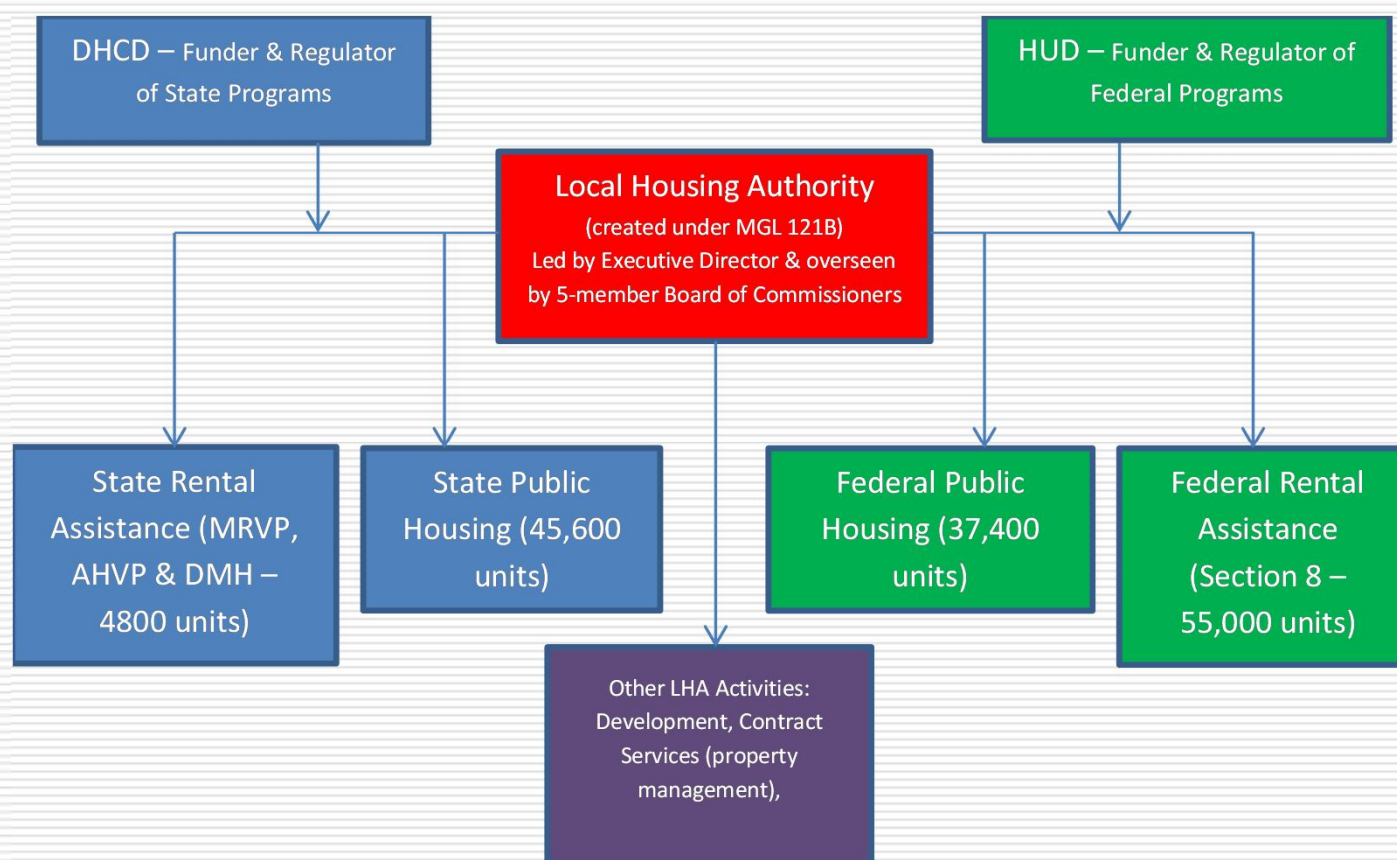


Public Housing Briefing

Presentation Outline

- ❑ Statutory & Program Framework
- ❑ Portfolio summary: how many & what types of units?
- ❑ Who lives in state-aided public housing
- ❑ How do operating & capital subsidy work?
- ❑ Summary of accomplishments & innovations under the Patrick Administration

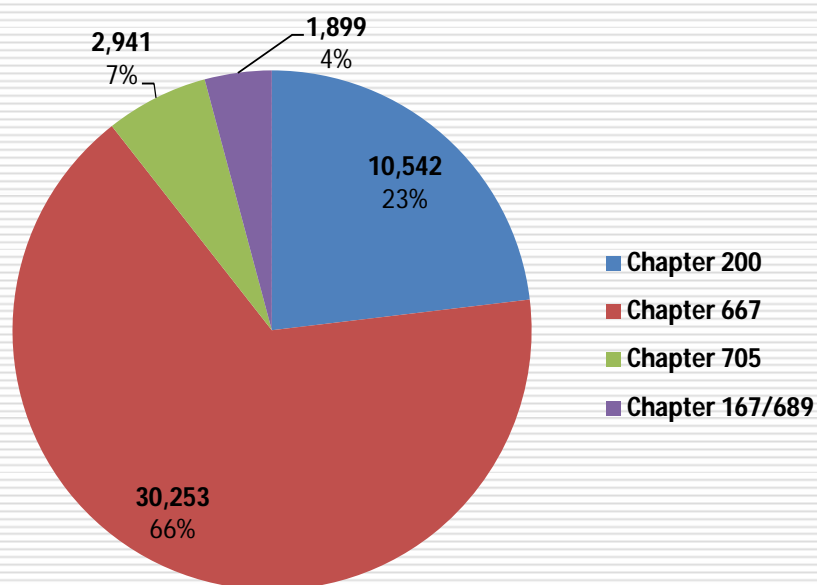
Public Housing In Massachusetts



Housing Supply Overview

- ❑ 240 Local Housing Authorities (housing in 243 cities and towns)
- ❑ 82,600 Total Units: 45,600 State Units; 37,000 Federal Units

State Public Housing Programs: Unit Breakdown



Definitions of Program Types

Chapter 200 – Family Housing, larger developments (1948; Range from 2-story townhouses (majority of portfolio) to 3-story brick walk-ups to single family homes.)

Chapter 667 – Elderly Housing (1954; 2-story walk ups and some buildings with elevators)

Chapter 705 – Family Housing, scattered-site developments (1966; Six-to-twenty apartments of duplex housing/site)

Chapter 167/689 – Special Needs Housing, set aside for clients of the Department Mental Health and Department of Developmental Services (1974 & 1987; Group homes for 8-16 people; duplex & triplexes for 4-8 people each)

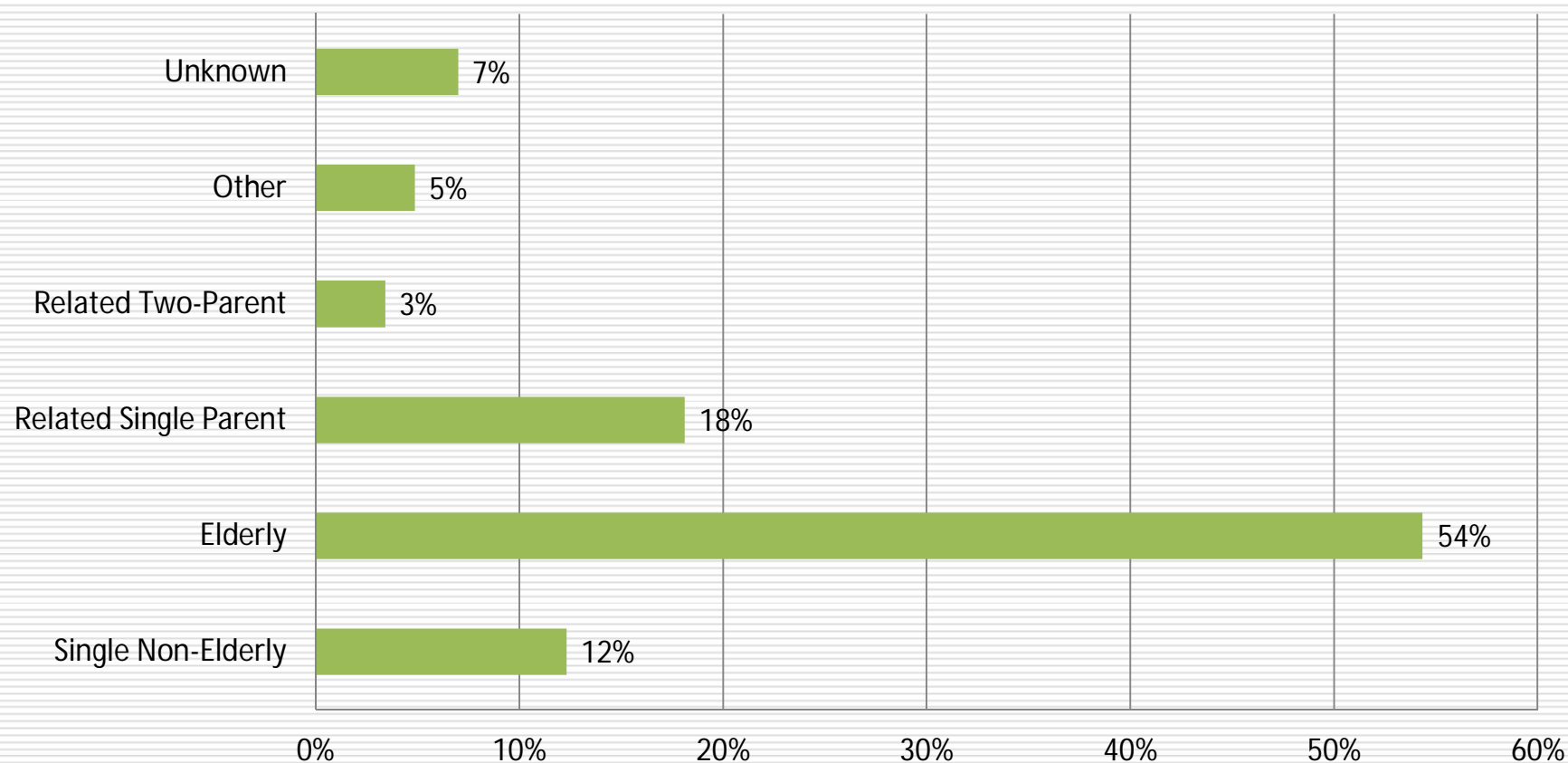


Size and Distribution of LHAs

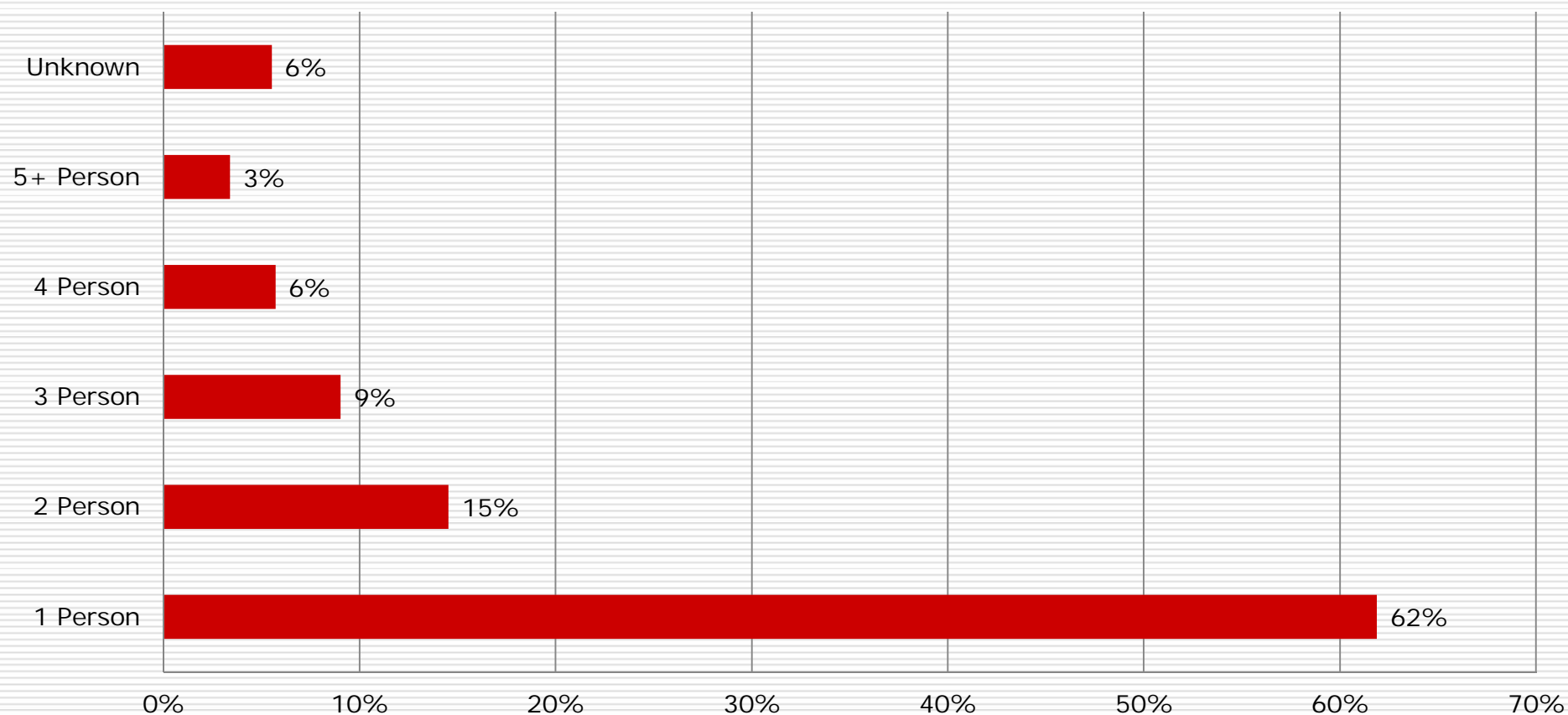
(based on only state units and state vouchers)

Type of LHA	Size	Number of LHAs	Percentage of LHAs
Extra Large (E)	1,000+ units	1	>1%
Large (L)	500 – 999 units	27	11%
Medium (M)	200 – 499 units	47	20%
Small (S)	1 – 199 units	165	69%
TOTAL		240	

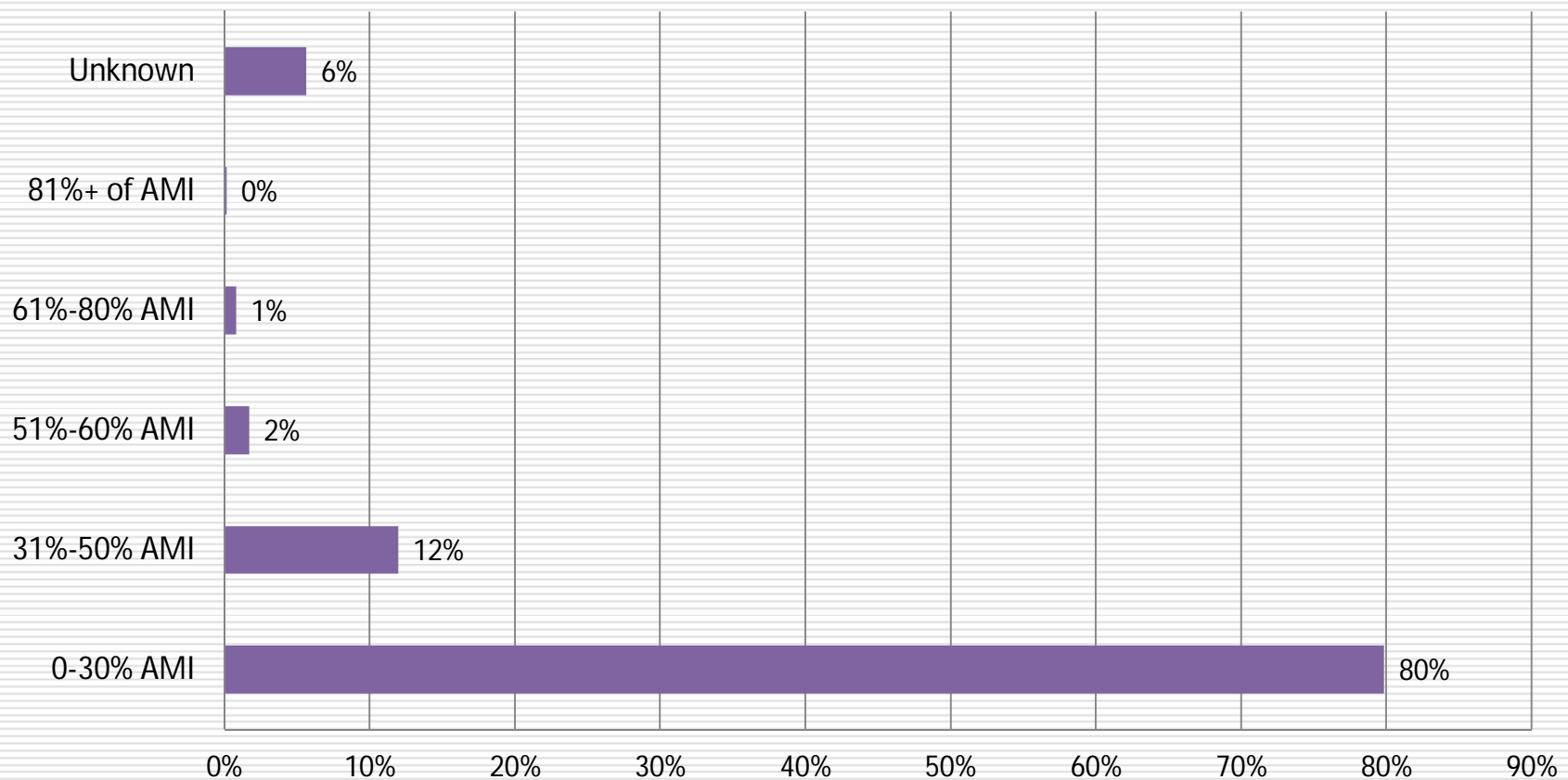
State Public Housing Household Type



State Public Housing Size of Households



State Public Housing Household Income





State Operating Subsidy

- ❑ Chapter 121B mandates that DHCD subsidize the difference between the statutorily-limited rent collections (30% of income) and the actual cost of operating that housing.
- ❑ Operating Subsidy is appropriated annually
- ❑ In 2008, DHCD conducted a “Real Cost Study” to determine the actual operating cost
 - Real Cost Study: \$115 M needed in annual operating subsidy
 - Current Annual Operating Subsidy: \$62.5 M
 - Conclusion: Operating Subsidy is 54% of need



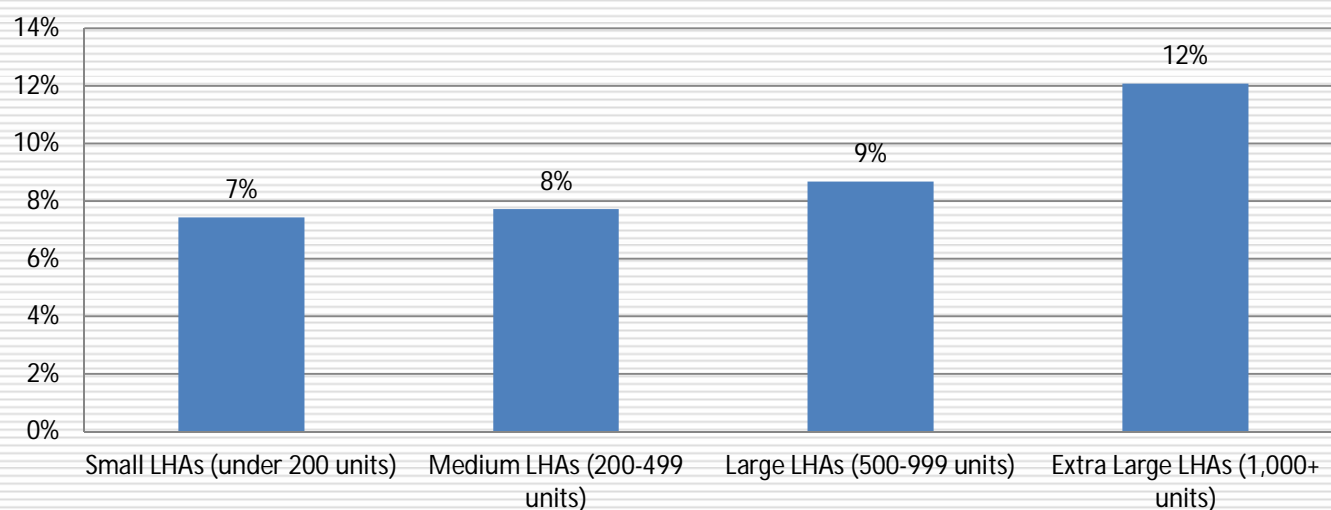
State Capital Subsidy

- ❑ Chapter 121B mandates that DHCD cover the cost of capital repairs
- ❑ Capital funds are appropriated through periodic Bond Bills and spending is authorized by annual Spending Cap
- ❑ In 2009, DHCD completed development of a state-wide Capital Planning System, a web-based tool that documents the useful life, current condition and replacement cost of all capital components
 - CPS documents the current and backlogged state-wide capital need to be approximately \$800 Million to \$1 Billion
 - CPS documents the 10-year capital need to be approximately \$2 Billion
- ❑ Current Annual Spending Cap is \$90M

Facilities Condition Index (FCI)

- ❑ FCI is a measure of the value of the failed components as a percentage of replacement value. (if the replacement value is \$1,000,000, and the value of the failed components is \$100,000, the FCI for that building is 10%.)
- ❑ The higher the FCI, the greater a facility's capital needs. Generally, acceptable industry standards are 5% and below.
- ❑ For the full state LHA portfolio, the average FCI is 9 % in 2012.

FCI by LHA Size - 2012





Patrick Administration Accomplishments & Innovations

- ❑ Operating subsidy increased as high as \$66.5M (up from approximately \$30M in prior Administrations)
 - ❑ Spending Cap increased as high as \$109M (up from less than \$50M in prior Administrations)
 - ❑ Mixed-Finance leveraged \$53M in 4% tax credit equity
 - ❑ Federalization of 3,800 units will leverage ~\$20M annually in federal capital & operating
 - ❑ \$97 M in energy and \$5 M in water investments (including \$25M in ARRA weatherization) and \$10 M in utility funded efficiency
 - 4.1% reduction in electric and 1.5% reduction in gas usage (based on FY 10 usage; additional reduced usage expected in FY's 11 & 12)
 - ❑ DHCD dedicated \$2 M in FY12 AHT funds to turn over 200 units that were vacant more than 90 days
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Patrick Administration Accomplishments & Innovations

- ❑ Completed Capital Planning System (CPS)
 - State-wide, transparent, web-based data base of capital needs

- ❑ Launched Formula Funding (FF)
 - Transparent, predictable needs-based share of annual capital funding
 - 3-year allocations
 - Modernize and preserve existing housing

- ❑ Launched Capital Improvement Planning Process
 - To date, **97% of LHAs** have submitted their 1st Capital Improvement Plan (CIP)
 - DHCD provided on-site field assistance to **over 120 LHAs** to prepare their CIP
 - CIP submitted annually with operating budget to allow for comprehensive resource planning



Patrick Administration Accomplishment & Innovations

- FMS (Facilities Management Specialists)
 - On-site technical assistance to strengthen maintenance practices
 - TA: unit turn over assistance, work order systems, inspection training, lease compliance, hazard reduction

- AIMM (*Accelerated Independent Management & Modernization*)
 - Based on performance indicators
 - Expedited Capital & Operating reviews
 - Simplified DHCD project management and technical reviews



Patrick Administration Accomplishments & Innovations

- ❑ RSA Pilot (*Regional Service Agencies*)
 - 3 year \$1.5M seed fund
 - Voluntary contractual partnerships between LHAs
 - CIP preparation, project management, maintenance & operating services
- ❑ Regional Attorneys Program (prior to Patrick Administration)
 - Legal services for LHAs with less than 350 state public housing units (exclusive of rental assistance units)
 - DHCD funded positions in six (6) regions across the state
 - Examples of areas which regional attorney advises on or represents an LHA: eligibility and tenant selection; lease enforcement; rent collection; grievance procedures; reasonable accommodations; summary process actions; MCAD through determination of probable cause of lack or probable cause by MCAD